

RELEASED IN PART
B1, 1.4(B), 1.4(D)

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ACTION ARA-01

INFO	LOG-00	ACDA-15	AMAD-01	CIAE-00	C-01	DODE-00	EUR-01
	HA-09	H-01	INRE-00	INR-01	L-03	ADS-00	NSAE-00
	NSCE-00	PM-01	P-01	SNP-01	SP-01	SSO-00	SS-01
	TRSE-00	T-01	/039W				

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O 211728Z MAY 92
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC IMMEDIATE 0998
INFO AMEMBASSY BOGOTA
AMEMBASSY BRASILIA
AMEMBASSY BUENOS AIRES
AMEMBASSY GUATEMALA
AMEMBASSY LA PAZ
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AMEMBASSY TEGUCIGALPA
AMEMBASSY DUBLIN
USCINCSO QUARRY HEIGHTS PM

C O N F I D E N T I A L SECTION 01 OF 04 CARACAS 05459

DUBLIN FOR POL/DEMPSEY

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E.O. 12356: DECL: OADR
TAGS: PGOV, VE
SUBJECT: STILL SIMMERING

REF: A) CARACAS 4153 B) CARACAS 4229 C) CARACAS 4339
D) CARACAS 4832 E) CARACAS 4919 F) CARACAS 4961
G) CARACAS 5235

1. C - ENTIRE TEXT.

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: OSCAR J OLSON
CLASSIFICATION: CONFIDENTIAL REASON: 1.4(B), 1.4(D)
DECLASSIFY AFTER: 20 MAY 2017
DATE/CASE ID: 17 AUG 2006 200503206

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2. SUMMARY: AS THE MEMORIES OF THE FEBRUARY 4 COUP ATTEMPT AND THE MARCH 10 MASSIVE DEMONSTRATION AGAINST CARLOS ANDRES PEREZ (CAP) FADE, THE MOMENTUM FOR CHANGE IN VENEZUELA IS DISSIPATING. IN PART, THIS MAY BE BECAUSE THE DEMANDS FOR "RECTIFICATION" BUBBLING UP FROM VARIOUS SEGMENTS OF SOCIETY DO NOT PROVIDE A CLEAR, COHERANT AGENDA FOR CAP AND THE POLITICIANS TO ACT ON. SOME OF THE DEMANDS ARE CONFLICTING, DESTABILIZING, OR SIMPLY BAD IDEAS; SOME MERELY REFLECT THE EFFORTS OF INTEREST GROUPS TO CAPITALIZE ON THE CURRENT POLITICAL FOMENT TO OBTAIN SPECIAL FAVORS. BUT SOME PART, AT LEAST, OF THE MEDIA AND POLL-REFLECTED DISCONTENT IN THIS SOCIETY IS GENUINE

[REDACTED]

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END SUMMARY.

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3. EMBASSY REPORTED IN MID-APRIL THAT VERY FEW OF THE PROMISES MADE BY CAP ON MARCH 5 (IN THE SPEECH INTENDED TO ANSWER THE WAVE OF PUBLIC DISCONTENT THAT HAD BEEN BUILDING SINCE THE COUP ATTEMPT) HAD BEEN CARRIED OUT

[REDACTED]

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4. SLIGHTLY MORE THAN A MONTH LATER, NOTHING HAS HAPPENED TO CHANGE OUR ASSESSMENT. OPINION POLLS CONTINUE TO SHOW THAT THE GOVERNMENT, CAP PERSONALLY, AND THE POLITICAL PARTIES IN GENERAL, HAVE LOST POPULARITY TO AN EXTENT THAT COULD CALL THEIR LEGITIMACY INTO QUESTION. DESPITE THIS, STREET DEMONSTRATIONS IN CARACAS HAVE BEEN NEITHER BIG NOR PARTICULARLY VIOLENT. CAP AND CONGRESS HAVE FAILED TO PASS LEGISLATION, OR IMPLEMENT PROGRAMS, THAT MIGHT CONVINCE THE PUBLIC THAT ITS CONCERNS ARE BEING MET. THE GOVERNMENT'S RESPONSE TO THE CRISIS HAS BEEN "TACTICAL" AND NARROWLY POLITICAL, RATHER THAN SUBSTANTIVE OF A NATURE THAT MIGHT GENUINELY REVERSE POPULAR PERCEPTIONS AND

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DISCONTENTS. THE LACK OF MOVEMENT ON BOTH SIDES
(GOVERNMENT-OPPOSITION) CREATES IN CARACAS A SENSE OF
IMPENDING BUT UNPREDICTABLE EVENTS. RUMORS OF COUPS AND
OF PRESIDENTIAL HEALTH PROBLEMS CONTINUE TO FLY. THE
SITUATION IS NOT ONE OF STABILITY, BUT OF STALEMATE.

CAP'S PROMISES - AN UPDATE

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5. FOLLOWING IS A REPORT OF THE PROGRESS MADE SINCE REF
A WAS WRITTEN:

- FORMATION OF A NATIONAL UNITY CABINET: NEGOTIATIONS
CONTINUE.

- REDUCTION OF THE NUMBER OF MINISTRIES FROM 27 TO 9:
RESPONDING TO INTERNAL GOV DISCUSSIONS OF THIS
POSSIBILITY, LABOR LEADERS HAVE EXPRESSED FEARS THAT THE
MOVE WOULD BE A COVER FOR ELIMINATION OF PUBLIC EMPLOYEE

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-----355EBD 211817Z /38

O 211728Z MAY 92

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FM AMEMBASSY CARACAS
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C O N F I D E N T I A L SECTION 02 OF 04 CARACAS 05459

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E.O. 12356: DECL: OADR
TAGS: PGOV, VE
SUBJECT: STILL SIMMERING

SLOTS. A FORMER HEAD OF THE VENEZUELAN WORKERS
CONFEDERATION CLAIMED PUBLICLY THAT THE REORGANIZATION
WOULD COST HUNDREDS OF THOUSANDS OF JOBS.

- QUICK CONVOCAION OF A CONSTITUENT ASSEMBLY: THE IDEA
APPEARS TO BE DEAD; NO MAJOR POLITICAL GROUP IS
CURRENTLY ADVOCATING IT

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- ANNOUNCEMENT OF A CORRUPTION CRACKDOWN INCLUDING USE
OF EXTRADITION: MINISTER OF INTERIOR PINERUA ANNOUNCED
FORMATION OF AN "ANTI-CORRUPTION" UNIT, BUT NO MAJOR
FIGURES HAVE BEEN CHARGED WITH CORRUPTION. MAY 20
NEWSPAPERS ANNOUNCED THAT A JUDGE HAD ORDERED THE
ARRESTS OF FIVE CARACAS CITY COUNCIL MEMBERS FOR THE
"CRIME" OF SLANDER, BECAUSE THEY DENOUNCED AN INSTANCE
OF ALLEGED CORRUPTION IN CITY PROCUREMENT OF COMPUTERS.

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ON MAY 20, PINERUA FILED A CRIMINAL CHARGE (SEPTTEL) AGAINST THE MAYOR OF CARACAS, CLAUDIO FERMIN, FOR DESTRUCTION OF PUBLIC PROPERTY (SIDEWALKS). THE REAL ISSUE MAY BE GOVERNMENT STREET-REPAIR CONTRACTS; INFORMED OPINION WILL FOCUS ON THE FACT THAT FERMIN IS A PRINCIPAL RIVAL OF PINERUA'S FOR THE AD PRESIDENTIAL NOMINATION IN 1993. HENCE, WE DOUBT THAT THIS MOVE AGAINST FERMIN WILL HAVE ANY GREAT EFFECT ON RESTORING THE GOV'S CREDIBILITY ON THE ANTI-CORRUPTION ISSUE.

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- RENEWAL OF THE SUPREME COURT: FIVE NEW MEMBERS WERE SWORN IN THIS WEEK. ALTHOUGH SOME HAVE TERMED THEIR PROFESSIONAL REPUTATIONS "GOOD", AND TWO ARE SAID TO BE POLITICAL INDEPENDENTS, OTHERS (INCLUDING [REDACTED]) PRIVATELY CLAIM THEY ARE AS BAD AS THOSE THEY REPLACE. POLITICAL CONTROL OF THE COURT HAS NOT CHANGED, SINCE ACCION DEMOCRATICA (AD) RETAINS AN ABSOLUTE (8-7) MAJORITY ON THE 15-MEMBER COURT.

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CONSTITUTIONAL REFORM - AN UPDATE

6. TODAY, THE MAJOR THRUST FOR CHANGE IN VENEZUELA LIES IN THE EFFORTS BY CONGRESS TO AMEND THE CONSTITUTION. THE CONCENTRATION BY CONGRESS ON THIS AVENUE FOR REFORM EXCLUDES MOST OTHER POSSIBILITIES. NOT ONLY DOES IT PREVENT CONGRESS FROM FOCUSING ON OTHER LEGISLATION BEFORE IT, BUT IT ALSO SUSPENDS DISCUSSION ON CERTAIN CONCRETE, PRACTICAL CHANGES, PENDING THE ESTABLISHMENT OF A NEW LEGAL FOUNDATION FOR THEM. A CASE IN POINT IS THE JUDICIAL REFORM LAW, WHICH CANNOT BE PASSED UNTIL CONGRESS DECIDES HOW TO AMEND THE CONSTITUTIONAL PROVISIONS REGARDING THE JUDICIAL BRANCH.

7. IN HIS MARCH 5 SPEECH, CAP CALLED FOR A REFERENDUM TO RATIFY THE CONSTITUTIONAL REFORMS, BY MAY. THE LEGISLATURE, HOWEVER, IS MOVING SLOWLY [REDACTED]

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[REDACTED] CONSTITUTIONAL REFORM IS THE BRAINCHILD OF RAFAEL CALDERA (WHO WAS NAMED TO HEAD THE BICAMERAL COMMITTEE

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CHARGED WITH DRAFTING RECOMMENDATIONS MORE THAN A YEAR
BEFORE THE COUP ATTEMPT) AND ITS SUCCESS WOULD REDOUND
TO HIS CREDIT. NEITHER AD NOR COPEI (THE SOCIAL
CHRISTIAN PARTY) HAS AN INTEREST IN HELPING CALDERA. AN

(REF D).

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8. THE DEBATE (IF ANY) ON CONSTITUTIONAL REFORM HAS NOT
EVEN BEEN IN THE PUBLIC DOMAIN. CONGRESS APPOINTED FOUR
COMMITTEES TO STUDY VARIOUS PARTS OF THE 70 PROPOSED
AMENDMENTS. WHEN THESE COMMITTEES COMPLETE THEIR
REPORTS, DEBATE WILL PRESUMABLY OCCUR, BUT FOR NOW

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VENEZUELAN'S ARE RECEIVING LITTLE NEWS ABOUT THE PROGRESS OF THE AMENDMENTS. THE CENTRAL UNIVERSITY (UCV) HAS ANNOUNCED PLANS FOR TWO DAYS OF PUBLIC DISCUSSIONS OF THE PENDING REFORMS, LATER THIS WEEK, BUT THIS EVENT IS NOT PART OF THE OFFICIAL, CONGRESSIONAL DEBATE.

INERTIA RULES

9. THE SENSE OF URGENCY THAT WAS EXPRESSED EVEN BY THE POLITICAL ELITE, IN FEBRUARY AND EARLY MARCH, IS GONE. POLITICIANS IN GENERAL ARE RETURNING TO THE COMFORT OF LONG-ESTABLISHED MODES OF THOUGHT AND ACTION. THE "UP SIDE" TO THIS PHENOMENON IS THAT THE COUNTRY IS INCREASINGLY UNLIKELY TO RUSH INTO CURES THAT ARE WORSE THAN THE DISEASES

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THE "DOWN SIDE" IS THAT VENEZUELA'S POLITICAL CLASS IS UNWILLING TO COME TO GRIPS WITH THE TREMENDOUS PUBLIC FRUSTRATION UNCOVERED/ENCOURAGED BY THE COUP ATTEMPT. THE TRUE SOURCES OF THAT DISCONTENT REMAIN A MUDDLE. IT FLOWED FROM MANY SOURCES: LONG-TERM DISTRESS AT THE FAILURE OF THE GOV'S PREVIOUS ECONOMIC MODEL, AND THE CONSEQUENT FALL IN LIVING STANDARDS OVER THE LAST 10 YEARS; AGGRAVATION AT THE EVEN GREATER SACRIFICES OF THE

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1989-90 RECESSION AND ECONOMIC READJUSTMENTS; RESENTMENT
AT LACK OF PUBLIC ORDER (CRIME IN THE STREETS);
RESENTMENT OVER MALDISTRIBUTION OF WEALTH; RESENTMENT
OVER CORRUPTION (REACHING EVEN INTO THE CIRCLE NEAR THE
PRESIDENT); AND IN GENERAL, THE FAILURE OF THE POLITICAL
SYSTEM TO REPRESENT THE NATIONAL INTEREST EFFECTIVELY.

10. IF THE SOURCES OF LONG TERM DISCONTENT ARE MUDDLED,
THE SOLUTIONS ALREADY PROPOSED AND CONTANTLY BEING
ELABORATED ON BY VARIOUS SECTORS OF THE SOCIETY ARE
CONFUSING. MANY OF THE DEMANDS FOR "RECTIFICATION" ARE
CONFLICTING, OTHERS POTENCIALY DESTABILIZING OR JUST
PLAIN BAD IDEAS, STILL OTHERS ARE ATTEMPTS BY INTEREST
GROUPS TO OBTAIN SPECIAL FAVORS FROM WHAT IS PERCEIVED
TO BE A WEAKENED GOVERNMENT. IN SHORT, THERE IS NO
SINGLE, COHESIVE AGENDA THAT THE GOVERNMENT CAN -- OR
SHOULD -- ACT ON TO EASE DISCONTENT. WHILE IDEAS ARE
NOT LACKING FOR REFORMS TO ADDRESS THE VERY REAL
LONG-TERM PROBLEMS, THERE IS NO CONSENSUS THAT WOULD
ENCOURAGE THE GOVERNMENT TO ACT QUICKLY.

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12. IN ALL FAIRNESS, AS PRESIDENT HE HAS FOREIGN POLICY DUTIES WHICH HE SHOULD CARRY OUT. HE CANNOT AVOID FOREIGN TRAVEL FOREVER, IF HE WISHES TO PROJECT AN IMAGE OF CONFIDENCE; NORMAL PRESIDENTS TRAVEL OCCASIONALLY. IT IS, HOWEVER, A QUESTION OF DEGREE.

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INSTEAD, FOR BETTER OR WORSE, THE GOVERNMENT IS BACKING TOWARD A POLICY OF HOPING THAT ALREADY-ANNOUNCED COSMETIC "CHANGES" AND THE PASSAGE OF TIME HAVE ENDED THE CRISIS. THIS "TACTICAL" APPROACH MAY EVEN WORK, PARTICULARLY IF THE PLANS FOR A 'NATIONAL ACCORD' WITH COPEI BEAR FRUIT AS EXPECTED.

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